

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 506 - HB 497

February 20, 2013

SUMMARY OF BILL: Effective October 1, 2014, authorizes the formation of low-profit limited liability companies. Requires such newly-formed businesses to include "L3C" designation in the business name.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$2,600/General Fund
\$100/Secretary of State**

Increase State Expenditures – \$2,500/One-Time

Assumptions:

- According to the Secretary of State, there will be a recurring increase in state revenue of \$2,700 as a result of 9 new applications for low-profit companies at \$300 per application.
- Three percent, or \$81 ($\$2,700 \times 3.0\%$), of the total revenue generated from applications is allocated to the Secretary of State.
- The remaining \$2,619 ($\$2,700 - \81) is allocated to the General Fund.
- A one-time increase in state expenditures of \$2,500 (25 vendor hours x \$100 per hour) to modify the TN-BEAR computer system.
- All other costs will be not significant and can be handled within existing resources without an increased appropriation or reduced reversion.
- According to the Department of Revenue (DOR), there will be no impact on tax revenue because such companies will be taxed at the same rates as taxed under current law.
- All costs to DOR can be handled within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jaw